

**ANGLO-CANADIAN TELEPHONE
COMPANY**

*Second Annual
Report
1936*

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ANGLO-CANADIAN TELEPHONE COMPANY

MONTREAL, P.Q.

2nd April, 1937.

TO THE STOCKHOLDERS:

On behalf of the Directors, the report of Anglo-Canadian Telephone Company for the calendar year 1936 is submitted herewith. Anglo-Canadian Telephone Company has a substantial investment in British Columbia Telephone Company and, through its ownership of Telephone Securities, Limited, it owns over 51% of the common stock of Telephone Investment Corporation. We are enclosing the annual reports of British Columbia Telephone Company and of Telephone Investment Corporation.

Arrangements have been made for the retirement, at 110%, on May 1, 1937, of the \$3,300,000 par value of 7% Preferred Stock of the Company through the sale of \$3,630,000 par value of 5½% Preferred Stock. By this refinancing, the Company will effect an annual saving of approximately \$31,000 in preferred stock dividend requirements.

Submitted on behalf of the Board,

HUNTER L. GARY,
President.

TORONTO
HAMILTON
WINNIPEG
CALGARY

RIDDELL, STEAD, GRAHAM & HUTCHISON

CHARTERED ACCOUNTANTS

ESTABLISHED 1869

CABLES RIOTED MONTREAL

EDMONTON
VANCOUVER
LONDON, ENG.
EDINBURGH, SCOT.

AND REPRESENTING
ARTHUR ANDERSEN & CO
CHICAGO NEW YORK
AND BRANCHES

Austin C. Stead, C.A.
John Paterson, C.A.
Alastair A. Gowan, C.A.
H. D. Clapperton, C.A.
C. G. Wallace, C.A.
Gordon S. Small, C.A.
Malcolm J. McLeod, C.A.

460 ST FRANCOIS XAVIER ST

P O BOX 2398

MONTREAL

TO THE SHAREHOLDERS OF
ANGLO-CANADIAN TELEPHONE COMPANY:

We have made an examination of the Balance Sheet as at 31st December, 1936, of Anglo-Canadian Telephone Company. In connection therewith, while we did not make a detailed audit of the transactions, we examined or tested accounting records of the Company and other supporting evidence and also made a general review of its accounting methods for the year ended 31st December, 1936.

We have not examined the accounts of the Company's subsidiary companies but have received and examined reports rendered by other independent auditors on the accounts of these companies for the year ended 31st December, 1936, and have obtained information and explanations from officers and employees of the Company.

We report that we have obtained all the information and explanations we have required and that, in our opinion, based upon the examination referred to above and the reports of subsidiary companies rendered by other independent auditors, the accompanying Balance Sheet as at 31st December, 1936, is drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us, and as shown by the books of the Company.

RIDDELL, STEAD, GRAHAM & HUTCHISON,

Auditors.

MONTREAL, 16TH MARCH, 1937.

ANGLO-CANADIAN TELEPHONE COMPANY

(An Investment Company)

BALANCE SHEET

As at 31st December, 1936

ASSETS

INVESTMENTS AND LONG TERM ACCOUNT LESS RESERVE \$10,720,288.39

CURRENT ASSETS

Cash on hand and in banks.....	\$201,119.42	
Dividends receivable.....	38,575.55	
Accrued interest.....	629.21	
Accounts receivable:		
Subsidiary companies.....	\$53,985.13	
Other.....	7,996.76	
	<u>61,981.89</u>	302,306.07

\$11,022,594.46

LIABILITIES

CAPITAL STOCK

7% CUMULATIVE PREFERRED

Authorized—

100,000 shares—par value..... \$5,000,000.00

Issued and outstanding—

66,000 shares..... \$3,300,000.00

CLASS A

Authorized—

584,050 shares—par value..... \$5,840,500.00

Issued and outstanding—

360,050 shares..... 3,600,500.00

CLASS B

Authorized—

365,950 shares—par value..... \$3,659,500.00

Issued and outstanding—

260,050 shares..... 2,600,500.00

DEFERRED

Authorized—

100,000 shares—par value..... \$1,000,000.00

Issued and outstanding—

100,000 shares..... 1,000,000.00

\$10,501,000.00

CURRENT LIABILITIES

Accounts payable:

Subsidiary and affiliated companies	\$27,776.09	
Others.....	<u>10,626.96</u>	38,403.05

Accrued taxes (including provision for

 Dominion and Provincial taxes)..... 21,583.35

Dividend accrued (subsequently declared)..... 38,500.00

98,486.40

RESERVE FOR DIVIDEND PAID BY SUBSIDIARY COMPANY

OUT OF SURPLUS EXISTING AT DATE OF ACQUISITION

12,916.31

SURPLUS (as per attached statement).....

410,191.75

\$11,022,594.46

Approved on Behalf of the Board of Directors:

MARTIN LINDSAY, Director

T. S. GARY, Director

MONTREAL, 16TH MARCH, 1937

This is the Balance Sheet referred to in our Report of this date.

RIDDELL, STEAD, GRAHAM & HUTCHISON,

Chartered Accountants,

Auditors.

ANGLO-CANADIAN TELEPHONE COMPANY

(An Investment Company)

INCOME AND EXPENSE STATEMENT

For the Year Ended 31st December, 1936

INCOME

Dividends, Interest, and Other Income (including \$25,899.11 non-recurring income).....	\$669,177.91
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GENERAL AND ADMINISTRATIVE EXPENSES

Salaries, Directors' Fees, Legal and Miscellaneous Expenses.....	\$70,422.23	
Taxes, including provision for Dominion income taxes and Provincial profits taxes.....	32,657.86	
Interest.....	218.95	
		<u>103,299.04</u>
NET INCOME FOR THE YEAR.....		<u>\$565,878.87</u>

STATEMENT OF SURPLUS

For the Year Ended 31st December, 1936

BALANCE AS AT 1ST JANUARY, 1936.....	\$344,831.07
ADD:	
Net Income (as per Income and Expense Statement).....	565,878.87
	<u>910,709.94</u>
LESS:	
Miscellaneous adjustments.....	283.19
	<u>910,426.75</u>
DEDUCT:	
Dividends paid or provided for:	
7% Cumulative Preferred.....	\$231,000.00
Class A.....	143,550.00
Class B.....	125,685.00
	<u>500,235.00</u>
BALANCE AS AT 31ST DECEMBER, 1936.....	<u>\$410,191.75</u>

OFFICERS

A. F. ADAMS	-	-	-	-	-	-	-	-	-	<i>Chairman</i>
HUNTER L. GARY	-	-	-	-	-	-	-	-	-	<i>President</i>
GORDON FARRELL	-	-	-	-	-	-	-	-	-	<i>Vice-President</i>
MARTIN LINDSAY	-	-	-	-	-	-	-	-	-	<i>Vice-President</i>
F. S. SPRING	-	-	-	-	-	-	-	-	-	<i>Comptroller</i>
GEOFFREY PURDY	-	-	-	-	-	-	-	-	-	<i>Secretary and Treasurer</i>

DIRECTORS

A. F. ADAMS	T. S. GARY
R. L. BENSON	VISCOUNT HINCHINGBROOKE
E. C. BLOMEYER	MARTIN LINDSAY
M. A. COLEFAX	J. C. NEWMAN
J. G. CRANE	W. C. PITFIELD
ERNEST E. EVANS	SIR ALEXANDER ROGER
PERCY EVANS	HON. GORDON SCOTT
GORDON FARRELL	EMMETT SWANSON
HUNTER L. GARY	F. H. WOODS
F. H. WOODS, JR.	

